

August 13, 1997

MEMORANDUM TO: Distribution

FROM: Michael J. Rubino, Associate Director
Acquisition Services Branch

SUBJECT: Policy Memorandum No. 97-012 – Procedures for Using
Federal Supply Schedules

1. Purpose. The purpose of this Policy Memorandum is to supercede Policy Memorandum No. 97-006 in its entirety and modify the Acquisition Policy Manual (APM) to:

- (a) allow the direct award of delivery orders \$100,000 or less under Federal Supply Schedule (FSS) contracts without obtaining price comparisons or conducting limited technical evaluations; and
- (b) authorize the procurement of non-schedule incidental goods and/or services under FSS contracts.

2. References.

- (a) APM 9.C., *Using the Federal Supply Schedules and Other Contracts*, page 9-7.
- (b) Policy Memorandum No. 97-006, dated May 2, 1997.

3. Scope. This Policy Memorandum is applicable to all Contracting Officers and Acquisition Services Branch (ASB) personnel involved with issuing orders against FSS contracts. These changes supplement Circular 3700.16, *Acquisition Policy Manual*, dated October 3, 1996.

4. Background.

APM 9.C. authorizes the use of FSS contracts to acquire goods and services for FDIC. When originally written, this section allowed delivery orders to be awarded directly to an FSS contractor regardless of dollar amount. The policy was subsequently changed by Policy Memorandum No. 97-006 on May 2, 1997 to require price comparisons and limited technical evaluation considerations for awards greater than \$2,500. A change is necessary to streamline the procurement process under FSS contracts for awards \$100,000 or less.

Policy Memorandum No. 97-012

For all FSS procurements, best customer discounts are passed on to FDIC and the benefit derived from obtaining price comparisons do not outweigh the administrative expense for awards less than \$100,000. Also, a change is necessary to further facilitate the procurement process by allowing delivery orders to include goods and/or services that are related to the FSS procurement but not specified under the FSS contract (i.e., non-schedule goods and services).

5. Superseded Policy Memorandum. Based upon the foregoing, Policy Memorandum No. 97-006 is superseded by this Policy Memorandum. It includes restated/unchanged policies from No. 97-006 and with new policy changes stated below in ***bold/italicized*** print.

6. APM Changes. Therefore, the APM is changed as follows:

a. Price Comparisons and Limited Technical Evaluations. In order to increase the dollar thresholds for obtaining price comparisons and conducting technical evaluations under delivery orders under FSS contracts, the following paragraphs are added to the APM:

“9.C.3.a. FSS awards ***\$100,000*** or less. A delivery order may be placed directly with any FSS contractor without further price comparison. In these cases, the award should be processed within 5 calendar days.

9.C.3.b. FSS Awards Greater than ***\$100,000*** and Less than the Maximum Order Threshold.

For delivery orders awarded under an FSS contract in this price category, price comparisons shall be conducted with at least three (3) FSS contractors offering the required product or service. At the Contracting Officer's discretion, the price comparisons may be through review of published price lists or through oral or written Requests for Quotations (RFQs). All quotes must be based on the same estimated volume of services or goods to be purchased.

Contracting Officers may allow for a limited technical review (i.e., optional). If a limited technical evaluation is included, the final award shall be based upon a best value determination including price and/or delivery/technical requirements. Awards should be processed within 15 calendar days. The Contracting Officer shall ensure that the verbal or written quotes are documented in the contract file and clearly justify the propriety of the award decision.

9.C.3.c. FSS Awards Greater than \$100,000 and Exceeding the Maximum Order Threshold.

For delivery orders awarded under an FSS contract in this price category, written price comparisons shall be conducted with at least three FSS contractors offering the required product or service. The Contracting Officer shall seek price reductions by obtaining written quotes from these FSS contractor.

Contracting Officers may allow for a limited technical review (i.e., optional) and the final award shall be based upon a best value determination including price and/or delivery/technical requirements. Awards should be processed within **60** calendar days. The Contracting Officer shall ensure that the written quotes are documented in the contract file and clearly justify the propriety of the award decision.

9.C.3.d. Use of Brand Name Specifications. If price comparisons, as required under APM 9.C.3.b. and c. above are to be conducted only among FSS contractors selling a specific brand-name item, the program office must provide a written justification to the Contracting Officer demonstrating why a specific brand is essential to the requirement. Contracting Officer approval is required prior to requesting verbal or written quotes.

9.C.3.e. Procuring Non-Schedule Goods and Services. *Generally, FSS contracts offer a vast array of goods and /or services covering most customer needs within a given schedule. However, there may be times when a FSS contractor does not offer goods and/or services related (i.e., incidental) to the overall requirement. If the cost of “non-schedule” incidental goods and/or services is less than 25% of the total price of the procurement, an FSS contractor is permitted to add these to the FSS delivery order.*

b. **Additional Guidelines for Conducting Market Research.** Market research is an effective tool for acquiring knowledge of goods, services and pricing information available within the marketplace. It is encouraged so that FDIC can develop the most suitable approach for acquiring its goods and services and facilities requirements definition and technical analysis of options. Care must be taken to ensure that a level playing field for all prospective offerors is maintained. In order to conduct effective market research, the following is incorporated into the APM as a restatement from Policy Memorandum No. 97-006:

1. APM 4.C.2., *Responsibility*, is modified to include an additional provision as follows:

“4.C.2.a. Procedures for Conducting Market Research. If market research is required, prior to making any award, including an order under an FSS

Policy Memorandum No. 97-012

contract, Program Offices will notify the Contracting Officer before market research is initiated. The Contracting Officer will determine in each case the appropriate level of participation by ASB personnel in conducting the research and will provide guidance regarding the appropriate content and flow of communication as well as the appropriate forum for conducting market research.”

2. APM 4.C.3., *Techniques*, is modified to add the following:

“In addition, other market research techniques include reviewing industry publications, catalogs, trade show literature, vendor literature, product research sources, publishing formal requests for information, querying available databases, reviewing published price lists, conducting information meetings and conducting product demonstrations.”

3. APM 4.C.5., *Caution*, is modified to add the following:

“Market research does not include making purchase commitments, conducting price negotiations, sharing procurement-sensitive or other information that would place one vendor in a more favorable position than other vendors regarding the requirement.”

7. Effective Date. This Policy Memorandum is effective immediately.

8. Contacts. If you have any questions regarding this Policy Memorandum, please call Dave McDermott on (202) 942-3434.

cc: Jane Sartori
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